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FM AMEMBASSY DUSHANBE  
TO RUEHC/SECSTATE WASHDC PRIORITY 7247  
INFO RUEHDBU/AMEMBASSY DUSHANBE 8451  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RHEHAA/NATIONAL SECURITY COUNCIL WASHINGTON DC  
RUCNCIS/CIS COLLECTIVE  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHINGTON DC  
RUEHAK/AMEMBASSY ANKARA PRIORITY 1548  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1563  
RUEHRL/AMEMBASSY BERLIN PRIORITY 1542  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 1527  
RUEHIT/AMCONSUL ISTANBUL PRIORITY 0025  
RUEHBUL/AMEMBASSY KABUL PRIORITY 1477  
RUEHLO/AMEMBASSY LONDON PRIORITY 1496  
RUEHML/AMEMBASSY MANILA PRIORITY 0041  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1477  
RUEHFR/AMEMBASSY PARIS PRIORITY 1373  
RUEHKO/AMEMBASSY TOKYO PRIORITY 1313  
RUEKJCS/SECDEF WASHINGTON DC  
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RUEHNO/USMISSION USNATO PRIORITY 1530  
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C O N F I D E N T I A L SECTION 01 OF 02 DUSHANBE 000711

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SUBJECT: TAJIKISTAN: AES STILL IN TEH GAME FOR SANGTUDA-I?

REF: DUSHANBE 0326

CLASSIFIED BY: Richard E. Hoagland, Ambassador, EXEC, Embassy  
Dushanbe.  
REASON: 1.4 (b), (d)

¶1. (C) SUMMARY: National Bank Chairman Murodali Alimardonov remarked April 14 that AES might still have a role to play in Sangtuda I or Rogun hydropower stations. In an elegant two-hour private lunch at the new National Bank building, Alimardonov outlined next steps for Tajikistan to integrate its energy sector and other markets with Afghanistan. END SUMMARY.

¶2. (C) While hosting Afghan Reconstruction Group energy and water senior advisors, Alimardonov noted the Tajik government and AES would meet in Washington April 19 to continue discussions, and possibly sign a memorandum of understanding to form a joint venture to construct 220 kV transmission line to the Tajik-Afghan border (reftel).  
"This will be a main step to bring Afghanistan and Tajikistan closer together," he noted. The second step would be construction of 500 kV lines along the same route.

¶3. (SBU) Dost-I Zhum, the proposed 4000 MW hydropower station on the Pyanzh River between Afghanistan and Tajikistan, represented a third major step. The chairman repeated President Rahmonov's off-heard talking points about the irrigation benefits Dost-i-zhum would bring northern Afghanistan, both for

irrigation and job creation.

¶4. (C) In an almost off-handed remark, Alimardonov suggested AES might still be a part of Sangtuda I or Rogun, contradicting press reports and EmbOffs' private conversations with Tajik energy officials. Ministry of Energy contacts had previously confirmed Sangtuda would be exclusively for RAO UES, while aluminum giant RusAL planned to monopolize Rogun. When pressed, Alimardonov noted that RAO UES and the international financial institutions wanted AES to remain a player, but then declined to give any specifics about this unexpected change in policy. "All will become clear," he said. (NOTE: RAO UES Head Anatoly Chubais was in Dushanbe the day before. END NOTE.)

¶5. (SBU) Alimardonov agreed with the suggestion that Tajikistan could provide Afghanistan with much-needed technical assistance in energy and other sectors, and sympathized with the lack of human capacity of the Afghan Water and Energy Ministry. Tajikistan has also taken a while to rebuild itself after the Civil War, he observed; although donors had pressed for immediate reforms, it was still an ongoing process. He highlighted the banking sector as an example where Tajikistan has pursued reforms, with the help of USAID, and can now come close to meeting international standards.

¶6. (SBU) Tajik-Afghan private-sector exchanges would help drive the bilateral trade relationship. He listened with interest to the invitation from leading Afghan businessmen for Tajik business to display at the Silk Road Trade Show in Kabul May 9-12. The noted the U.S.-financed bridge connecting Afghanistan and Tajikistan at Nizhniy Pyanzh would be the true catalyst for spurring cross-border commerce.

¶7. (C) COMMENT: If RAO UES and RusAL are actually

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reconsidering AES as a potential partner, this would represent a significant policy shift from the past six months and a return to the position a year ago, when AES and RAO UES were negotiating a partnership for Sangtuda-I. We suspect President Rahmonov is getting a bit exasperated with his Russian partners' foot-dragging, and may be looking for alternatives. That wouldn't mean, however, that the Kremlin would agree, since it's "their" companies and "their" money and "their" projects, or at least the reported Russian state budget funds for Sangtuda-I. We would welcome any information and analysis from Moscow. END COMMENT.  
HOAGLAND